



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

August 1, 2014

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To: Supervisor Don Knabe, Chairman
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Supervisor Zev Yaroslavsky
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From: William T Fujioka
Chief Executive Officer *WTF*

WASHINGTON, D.C. UPDATE ON HIGHWAY TRUST FUND BILL (H.R. 5021)

This memorandum is to provide the Board with an update on the Highway and Transportation Funding Act of 2014 (H.R. 5021), which replenishes the Highway Trust Fund to prevent cuts in Federal surface transportation payments to states that, otherwise, would take effect, beginning this month. On July 31, 2014, the Senate cleared H.R. 5021 for the President's signature within hours after the House rejected Senate amendments to the House-passed version of the bill. The President has indicated that he will sign the bill into law.

Bill Highlights

As cleared for the President's signature, H.R. 5021 reauthorizes surface transportation programs through May 31, 2015, and transfers roughly \$10.8 billion into the Highway Trust Fund (HTF) -- an amount that should be sufficient to meet Federal surface transportation funding needs through May 2015. The authorization for existing surface transportation programs, otherwise, will expire on September 30, 2014, and Federal reimbursement of state and local transportation costs would be reduced due to insufficient HTF funding. The HTF, which is financed by Federal motor fuel tax revenue and is the primary source of funding for Federal surface transportation programs, has a revenue shortfall because improved motor vehicle fuel efficiency has caused Federal fuel tax revenue to drop. The \$10.8 billion transfer is financed by provisions in the bill, which allows employers to delay making tax-deductible pension plan contributions, extends certain customs user fees for one year, and shifts \$1 billion from the Leaking Underground Storage Tank Trust Fund.

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The House originally passed H.R. 5021 on July 14, 2014. However, on July 29, 2014, the Senate passed, on a 79 to 18 vote, an amended version of the bill, which reauthorized surface transportation programs to December 19, 2014 and transferred \$8.1 billion to the HTF. The shorter reauthorization and smaller transfer of funds into the HTF was intended to force Congress to enact a multi-year surface transportation reauthorization bill, which permanently fixes the HTF financing shortfalls, this year rather than leaving it to the next session of Congress. The Senate bill, however, was scored by the Congressional Budget Office as raising \$2.4 billion less in revenue than needed to finance the \$8.1 billion transfer. This error provided the House with the leverage to reject the Senate version, and force the Senate to accept its version before Congress leaves for its five-week summer recess at the close of business today.

We will continue to keep you advised.

WTF:RA
MR:MT:ma

c: All Department Heads
Legislative Strategist